

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF INDIANA  
HAMMOND DIVISION

IN RE: )  
 )  
TERRENCE ALAN LEGG and ) CASE NO. 10-25170 JPK  
ASHLEY RENEE LEGG, ) Chapter 7  
 )  
Debtors. )

ORDER ON JOINT MOTION TO APPROVE  
LOAN MODIFICATION ("MOTION")

The Motion was filed on August 8, 2011. First, a copy of the written documentation evidencing the loan modification was not attached to the Motion: the court will not approve a summary description of the terms of a loan modification, but rather will only consider the actual written documentation which evidences the modification. Secondly, the court seriously questions whether it has jurisdiction with respect to the Motion, in that this is a Chapter 7 case. The only conceivable basis for jurisdiction is that the modification may evidence that the subject real estate will not be subject to a foreclosure action which will result in a deficiency owed by the debtors, which could then be translated into a claim filed in this case for the deficiency, thus possibly constituting some form of adjustment of the debtor/creditor relationship in relation to distribution of property of the estate. However, the court's "blessing" of the loan modification would do nothing in this regard, in that the contractual loan modification itself would serve the same end. Finally, the subject real estate is still subject to administration by the Chapter 7 Trustee, and as a result it is possible the property could be sold by the Trustee and moot any modification.

Unlike circumstances in which motions of this nature are presented in Chapter 13 cases in order to determine the manner in which an allowed secured claim will be paid under a Chapter 13 plan, in a Chapter 7 case there appears to be no valid basis for a creditor's and debtors' seeking the court's approval of a loan modification.

IT IS ORDERED as follows:

1. The Motion is denied, but the parties are accorded an opportunity to file an amended motion which attaches a complete copy of any written documentation effecting the loan modification, within 21 days of the date of entry of this order.

2. If a timely amended motion in proper form is filed, the court will schedule the same for a hearing. If a timely amended motion is not filed, the denial of the Motion will become the final judgment of the court.

Dated at Hammond, Indiana on August 19, 2011.

/s/ J. Philip Klingeberger  
J. Philip Klingeberger, Judge  
United States Bankruptcy Court

Distribution:  
Debtors, Attorney for Debtors  
Trustee, US Trustee  
Attorney for Creditor